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Dominion Fabrics
Limited

Annual Report

For the year ended
31st December, 1965

ANNUAL
REPORT

*For the Fiscal Year
Ended December 31,
1965*

TO THE SHAREHOLDERS,
DOMINION FABRICS LIMITED,
DUNNVILLE, ONT.



Dear Sirs:

Your Directors submit herewith the Company's statement for 1965 showing, after provision for operating expenses, depreciation and income taxes, a net profit of \$206,683. Sales volume for 1965 was slightly in excess of that for the previous year.

The net profit was approximately \$46,000 less than last year, largely due to an abnormal labour situation during the last half of 1965. We have taken steps to improve this situation through a training programme which we have introduced under provincial auspices. We are finding that this training programme not only gives the factory staff an opportunity to increase their abilities and earning power, but also is improving our production both in quantity and quality.

We continued our modernization programme during the year and spent some \$450,000 on land, buildings and machinery. Our capital expenditures in 1966 will be comparatively light as we wish to bring our enlarged plant facilities to peak efficiency before expanding further.

Foreign competition from countries with low wage scales has continued during 1965. The threat of this increasing foreign competition continues to concern the Canadian textile industry stressing the importance of tariffs to restrict these imports.

Our relations with our employees are cordial and our union contract has been extended for a two-year period.

The Directors wish to express appreciation for the loyal and efficient services rendered by the officers and employees of the Company during this year.

On behalf of the Board,

GORDON CAMELFORD,

President.

DOMINION FABRICS, LIMITED

AND ITS WHOLLY OWNED SUBSIDIARY DOMINION YARNS, LIMITED

Consolidated Statement of Profit and Loss and Earnings Employed in the Business For the Year Ended December 31, 1965

(With Comparative Figures for the Year Ended December 31, 1964)

	Year Ended December 31, 1965	Year Ended December 31, 1964
Profit after deducting cost of operations, provision for pensions and all other expenses but depreciation	\$ 666,032.	\$ 803,303.
Deduct:		
Provision for depreciation	240,249.	298,207.
Profit before provision for income taxes	425,783.	505,096.
Deduct:		
Provision for income taxes	219,100.	252,500.
Net profit for the year	<u>206,683.</u>	<u>252,596.</u>
Deduct:		
Dividends for the year	87,000.	79,000.
Earnings for the year retained in business	119,683.	173,596.
Add:		
Earnings employed in the business at the beginning of the year—unappropriated	1,989,746.	1,815,458.
Income tax adjustment of prior years	<u>2,464.</u>	<u>692.</u>
Earnings employed in the business at end of year—unappropriated	\$ 2,111,893.	\$ 1,989,746.

Note 1. The income taxes payable in respect to the year 1965 amount to \$138,500. The difference of \$80,600. between this and the provision for income taxes charged against income results from claiming for tax purposes an amount of depreciation greater than that recorded in the accounts. The difference is applicable to future periods in which the amounts claimed for tax purposes will be less than depreciation recorded in the accounts and is accordingly included in the balance sheet item, Tax reductions applicable to future years.

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AND ITS WHOLLY OWNED SUB

Consolidated Balance Sh

(With Comparable Balan

ASSETS

	December 31, 1965	December 31, 1964
CURRENT ASSETS:		
Cash on hand	\$ 2,600.	\$ 2,400.
Accounts receivable (after making provision for doubtful accounts)	818,540.	876,570.
Inventories of raw cotton, materials, work in process, finished goods, valued at the lower of cost or replacement	1,149,272.	1,243,792.
Prepaid charges	28,887.	28,806.
	<u>1,999,299.</u>	<u>2,151,568.</u>
INVESTMENTS:		
Mortgages	<u>2,385.</u>	<u>3,138.</u>
CAPITAL ASSETS:		
Land, buildings and equipment as revalued by officials of the company at December 31, 1926	596,702.	596,702.
Subsequent additions at cost	4,172,585.	3,721,979.
	<u>4,769,287.</u>	<u>4,318,681.</u>
Less accumulated depreciation	3,284,258.	3,044,008.
	<u>1,485,029.</u>	<u>1,274,673.</u>
	<u>\$ 3,486,713.</u>	<u>\$ 3,429,379.</u>

Approved on behalf of the Board:

GORDON CAMELFORD, Director.

KENNETH CAMELFORD, Director.

Auditors' Report to the Shareholders of Dominion Fabrics, Limited.

We have examined the consolidated balance sheet of Dominion Fabrics, Limited, as at December 31, 1965, and the consolidated statement of profit and loss and earnings employed in the year ended December 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounts as we considered necessary in the circumstances.

In our opinion, the above consolidated balance sheet and related consolidated statement of profit and loss and earnings fairly present the financial position of the combined companies as at December 31, 1965, and the results of their operations for the year ended December 31, 1965, in accordance with generally accepted accounting principles applied on a basis consistent with that followed in the preparation of the accounts.

February 10, 1966.

RICS, LIMITED

RY DOMINION YARNS, LIMITED

s at December 31, 1965

s at December 31, 1964)

LIABILITIES

	December 31, 1965	December 31, 1964
CURRENT LIABILITIES:		
Bank loan	\$ 50,000.	\$ 100,000.
Bank overdraft	30,125.	40,119.
Accounts payable and accrued liabilities	296,271.	157,102.
Taxes other than income	59,674.	57,437.
Income taxes payable (1965 overpaid)	(33,350.)	93,975.
Dividend payable February 1	22,000.	21,500.
	<hr/> 424,720.	<hr/> 470,133.
Bank Loan on Capital Account due in 1967	100,000.	200,000.
Tax reductions applicable to future years	132,600.	52,000.
CAPITAL STOCK: (1965) Authorized		
300,000 Class A cumulative participating preference shares of no par value		
400,000 Common shares of no par value		
CAPITAL STOCK: (1965) Issued and Fully Paid		
170,000 Class A preference shares } 210,000 Common shares }	17,500.	17,500.
EARNINGS EMPLOYED IN THE BUSINESS:		
Appropriated as a reserve against possible decline in inventory value	250,000.	250,000.
Unappropriated	2,111,893.	1,989,746.
Capital Surplus	450,000.	450,000.
	<hr/> <hr/> \$ 3,486,713.	<hr/> <hr/> \$ 3,429,379.

and its wholly owned subsidiary Dominion Yarns, Limited as at December in the business for the fiscal year ended on that date. Our examination of records and other supporting evidence as we considered necessary in the

statements of profit and loss and earnings employed in the business, present and the combined results of their operations for the year ended on that date, consistent with that of the preceding year.

LEVER, HOSKIN, CHAGNON & MacGILLIVRAY,
Chartered Accountants.

DOMINION FABRICS LIMITED

NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of Shareholders of the above Company will be held at the Head Office of the Company, Forest St., Dunnville, Ontario, on Saturday, April 30th, at the hour of 10.30 a.m., for the purposes of:

1. Receiving and considering the Financial Statement, Auditors' Report and Directors' Report for the year ended December 31, 1965.
2. Election of Directors.
3. Appointment of Auditors.
4. Such other business as may properly come before this meeting.

If you are unable to attend the meeting, kindly sign and return the enclosed proxy, using the business reply envelope provided for this purpose.

By order of the Board,

J. GORDON CAMELFORD,

President.

BOARD OF DIRECTORS

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J. GORDON CAMELFORD, Dunnville, Ontario

President

JAMES A. CAMELFORD, Dunnville, Ontario

Vice-President

KENNETH G. CAMELFORD, Dunnville, Ontario

Secretary-Treasurer

MARY CAMELFORD, Dunnville, Ontario

DOROTHY F. KELLY, Hamilton, Ontario

DARCY B. DINGLE, Toronto, Ontario

ROBERT V. HICKS, Toronto, Ontario

DOMINION FABRICS LIMITED

Camtex

Manufacturers of

TOWELS

BEDSPREADS

BATH SHEETS

FACE CLOTHS

DISH CLOTHS

POT HOLDERS

